

addition, in the Second Report and the Ameritech decision,^{50/} the Commission observed state regulatory action clearly aimed at disadvantaging CMRS providers, including CMRS paging companies. This historical antecedent serves to raise serious concerns that the denial of termination rates based upon the LEC's forward looking costs will have the practical result of denying CMRS paging companies just compensation.

**3. The Reasoning that Led to LEC Cost-Based
Rates for Other CMRS Providers Warrants
LEC Cost-Based Rates for CMRS Paging Providers**

24. Each of the reasons the Commission put forth supporting the adoption of LEC cost-based rates for other CMRS providers also warrants the use of LEC cost-based rates for CMRS paging carriers. First, LEC-based costs are a reasonable proxy for paging carriers' costs.^{51/} As discussed above, CMRS paging networks are comprised of similar equipment and perform similar functions to those performed by other CMRS providers, for whose systems the Commission found LECs' costs would serve as a reasonable proxy. Second, CMRS paging carriers, like other

50/ In the Matter of Proposed 708 Relief Plan and 630 Numbering Plan Area Code by Ameritech - Illinois, IAD File No. 94-102, Declaratory Ruling and Order, 10 FCC Rcd. 4596 (1995).

51/ See First Report ¶ 1085.

telecommunications carriers, would not be discouraged from decreasing costs and increasing efficiency by the receipt of LEC cost-based rates.^{52/} Similar to other CMRS providers, CMRS paging carriers would only benefit from reducing their own costs and increasing efficiency. Third, providing CMRS paging carriers with LEC cost-based rates will prevent LECs from using their market power to negotiate asymmetrical rates which do not compensate CMRS paging carriers for call termination and which over-compensate LECs for services provided.^{53/}

25. Finally, and perhaps most important, LEC cost-based rates for CMRS paging carriers are administratively easier to derive and manage as opposed to determining CMRS paging carriers' costs based upon TELRIC studies which are carrier and market specific.^{54/}

4. The Denial of LEC Cost-Based Rates to Paging Providers Encourages Arbitrage

26. The Commission's denial of LEC cost-based rates to CMRS paging carriers can lead to perverse network

^{52/} See First Report ¶ 1086.

^{53/} See First Report ¶ 1087.

^{54/} See First Report ¶ 1088. Indeed, the First Report implies that each paging carrier would have to do a TELRIC study for each state in which it operates. For AirTouch, this would mean over 35 TELRIC studies before 35 state commissions. This is an enormous burden.

arrangements. Competitive LECs ("CLECs") are incented to become middle-men in LEC/paging carrier interconnection arrangements by negotiating to receive terminating compensation for all traffic they carry and giving a portion to the CMRS paging carrier.^{55/} This arrangement may make economic sense for the CLEC and the paging carrier participants.^{56/} However, it does not appear to increase the efficiency or reduce the cost of completing calls. And, to the extent that the CMRS paging carrier is performing most of the call delivery functions while the CLEC is getting a substantial portion of the compensation, there is an element of unfairness. This arbitrage makes no sense and frustrates the public interest.^{57/} Although paging

55/ To prevent this outcome, some LECs are prohibiting CLECs from passing LEC originated traffic to CMRS paging carriers. This discrimination is not justified, since delivery of a call to a CMRS paging network is no different from delivering a call to another CMRS network. Indeed, the LEC is receiving compensation from the CLEC for calls originating on the CLEC and terminating through the LEC to the CMRS paging provider. This acts as discrimination to the CLECs.

56/ Of course, under the current rules the CLEC is not required to give the CMRS paging carrier anything over the paging carrier's TELRIC costs.

57/ Arbitrage in a less than fully competitive market disservices the public interest unless carriers have a choice with whom to interconnect. For example, if a CLEC can interconnect with a LEC for the same rate as any other carrier, the CLEC may decide to connect with another CLEC offering lower compensation if the first
(continued...)

carriers are entitled to compensation for call termination, the denial of LEC TELRIC-based cost rates effectively forces them to interconnect with CLECs in an effort to receive compensation in a timely fashion. CLECs will receive the bulk of the benefit from this type of arrangement. In the meantime, the customers of the LEC are likely to be adversely effected since the LEC will seek to pass on the additional costs of termination compensation (which will necessarily result form the addition of middle-men to the equation) to its customers.

IV. Conclusion

WHEREFORE, the foregoing premises having been duly considered, the Companies respectfully request that the Commission find that paging carriers provide telephone

57/(...continued)

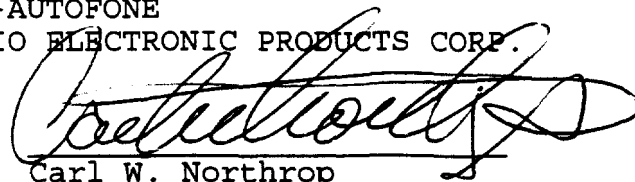
CLEC eliminates costs for the other CLEC. This arbitrage is good because it leads to efficient solutions. The arbitrage encouraged here does not service the public interest because it leads to inefficient solutions -- e.g., CLECs potentially getting compensated based upon the LEC's costs and the CMRS paging carrier only collecting its costs.

exchange service and reconsider its denial of symmetrical rates to paging carriers for termination compensation.

Respectfully submitted,

AIRTOUCH PAGING
CAL-AUTOFONE
RADIO ELECTRONIC PRODUCTS CORP.

By:

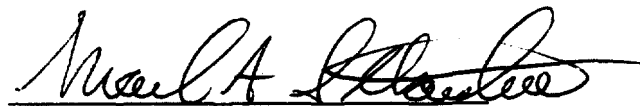


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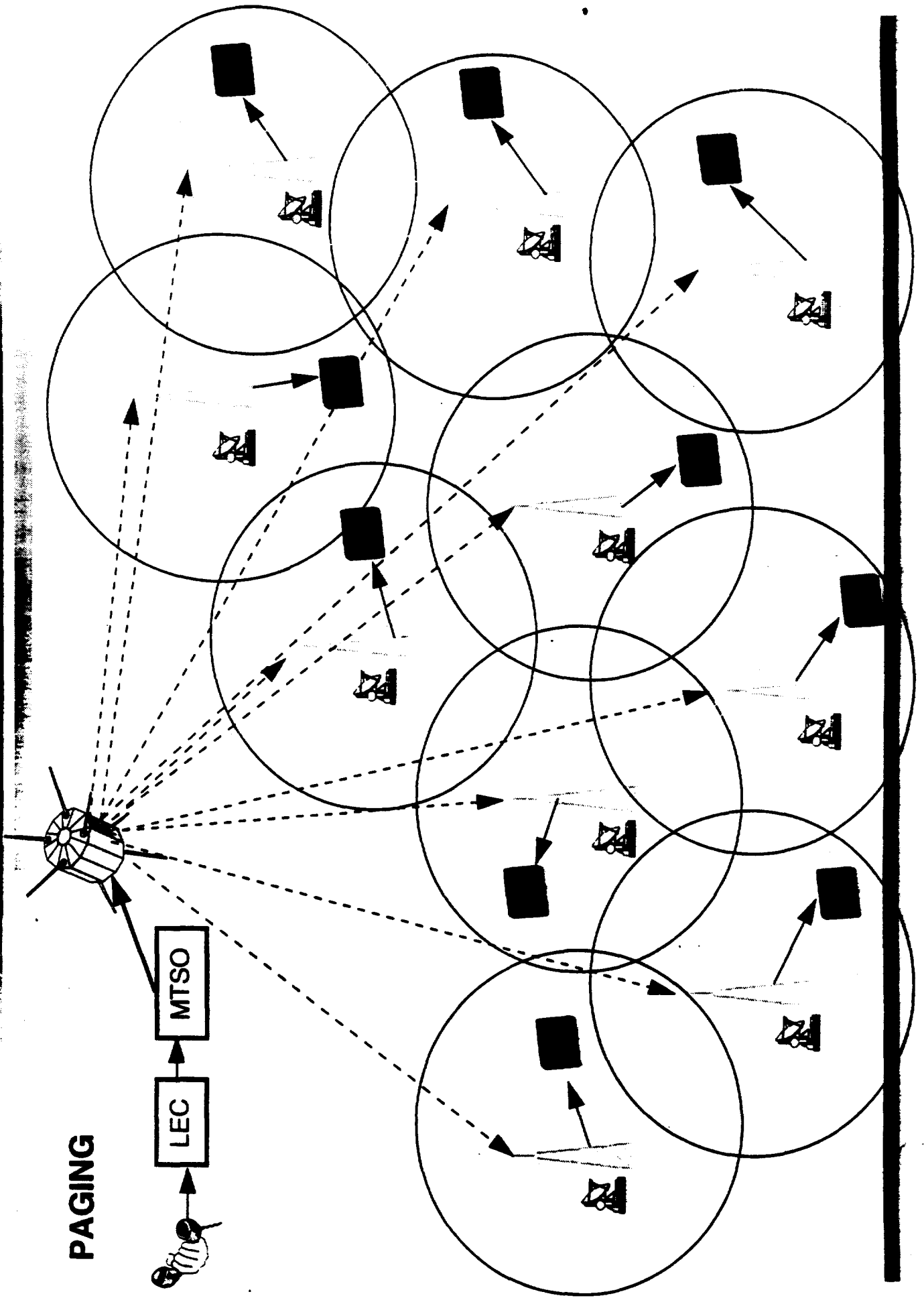
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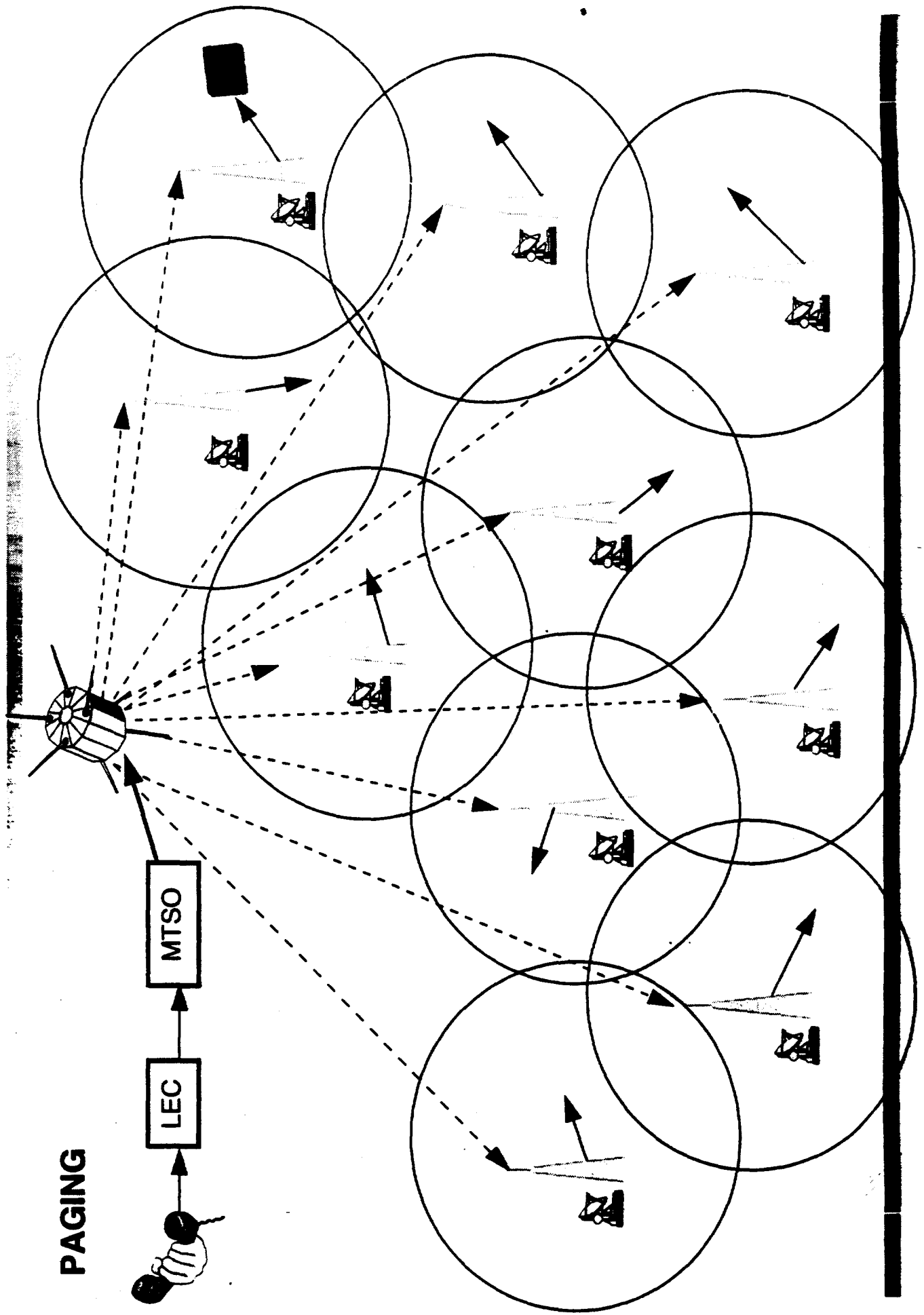


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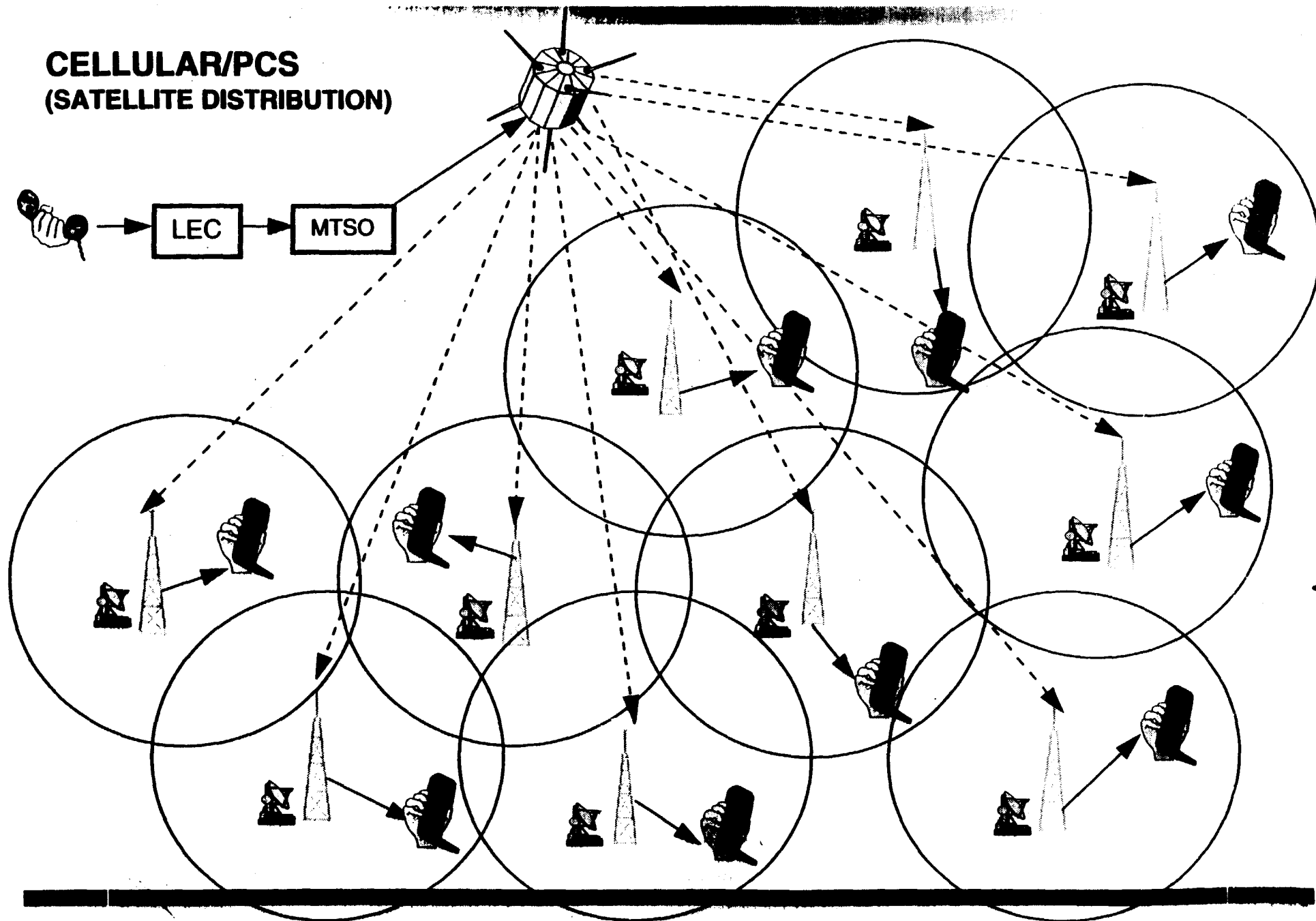
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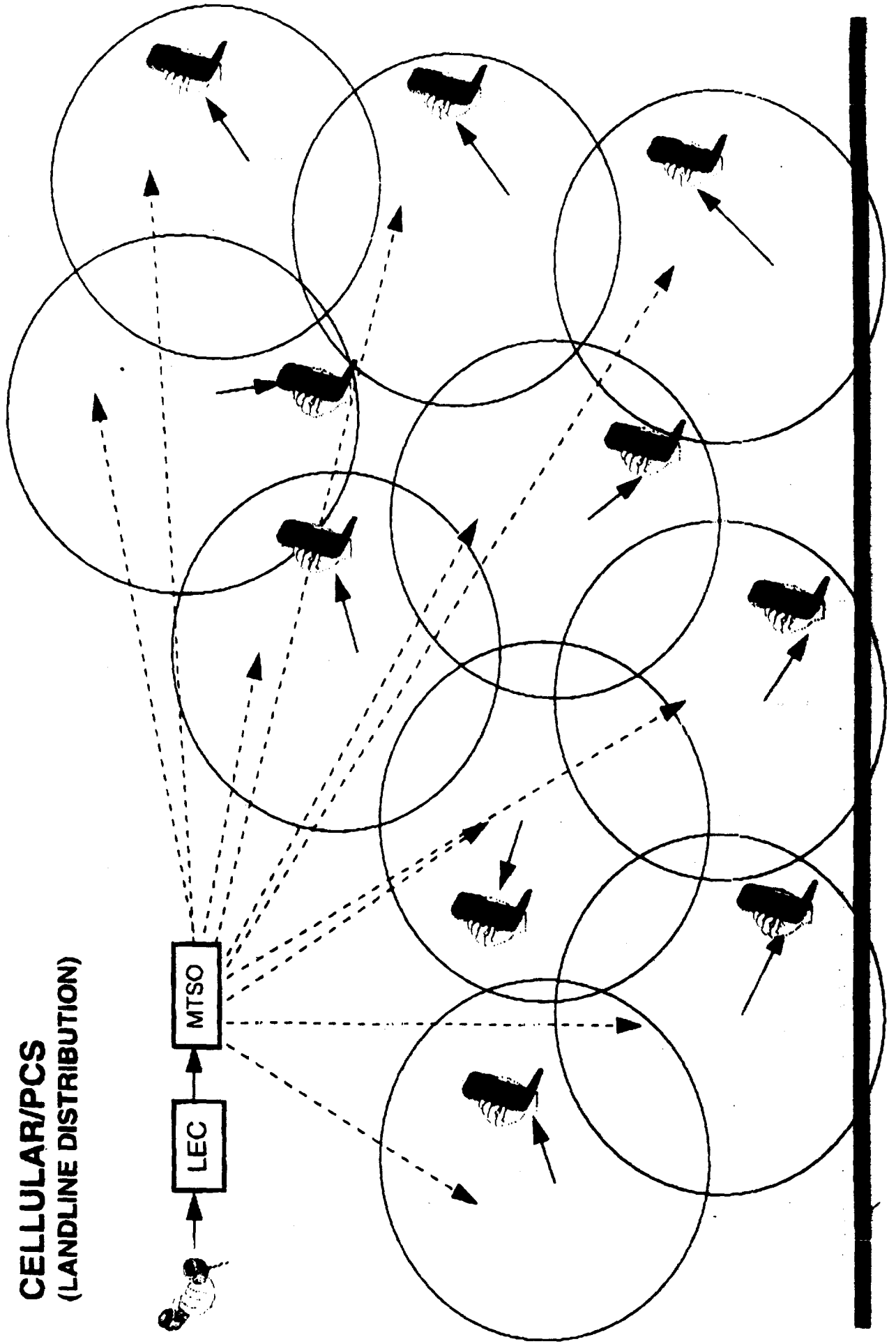




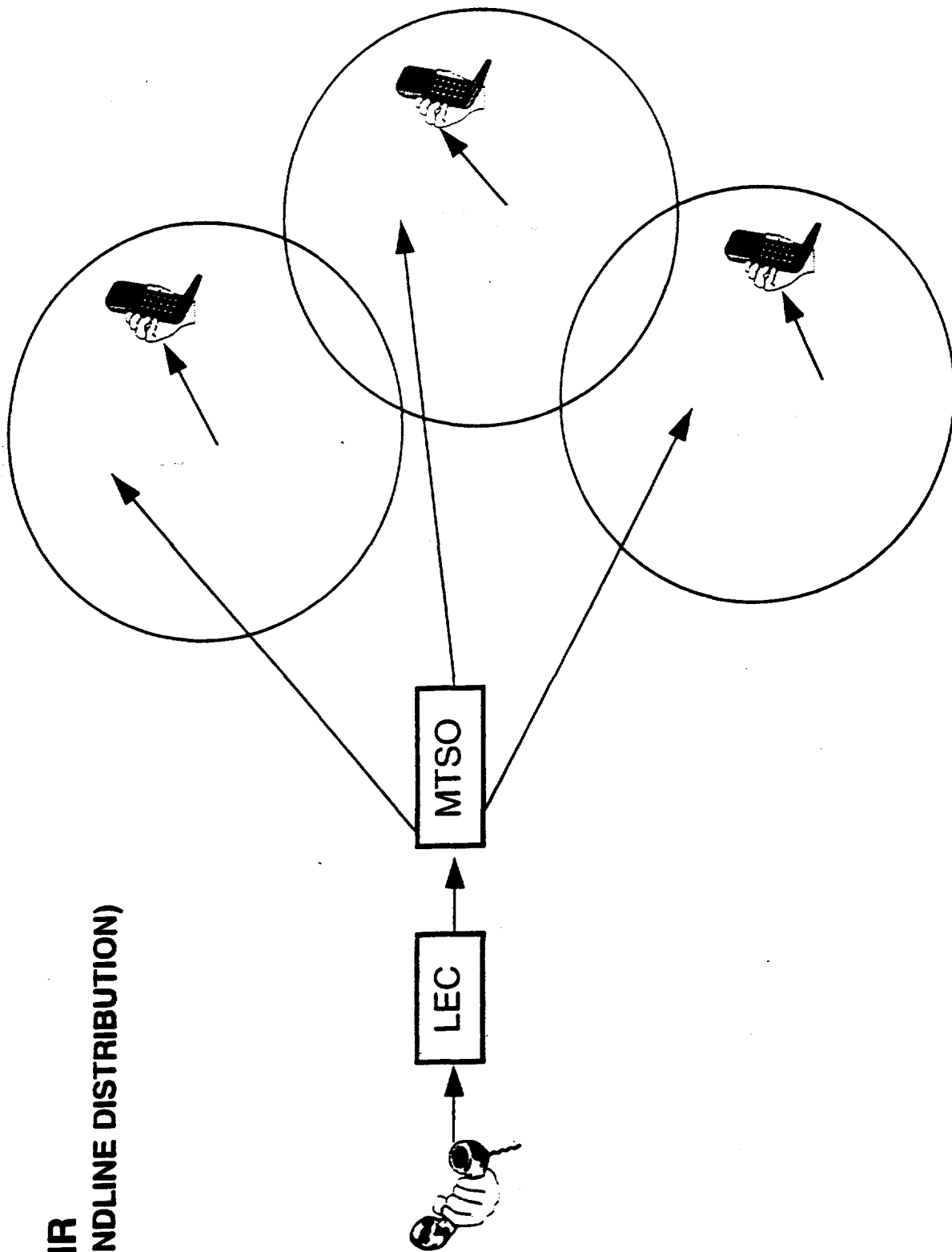
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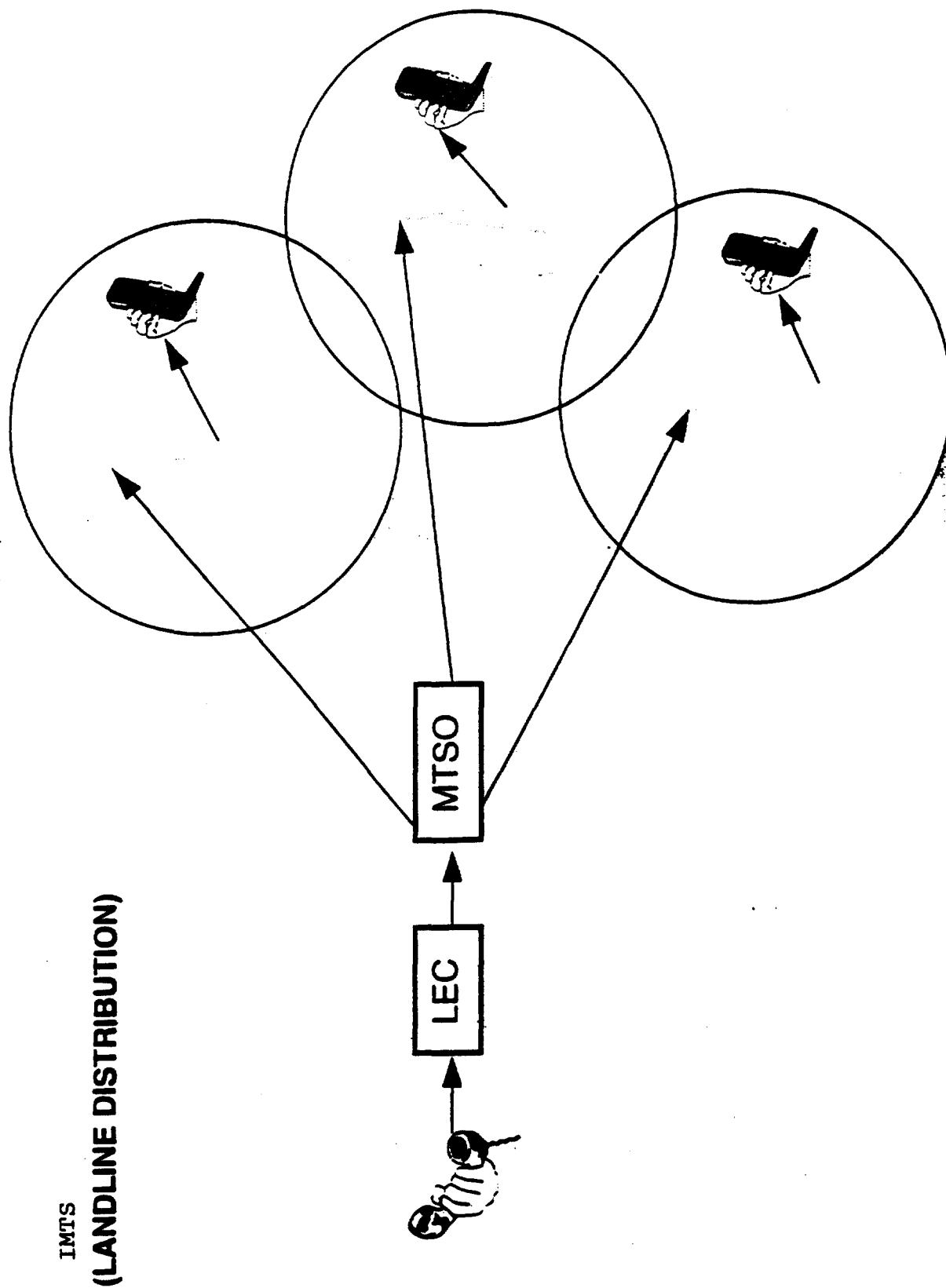


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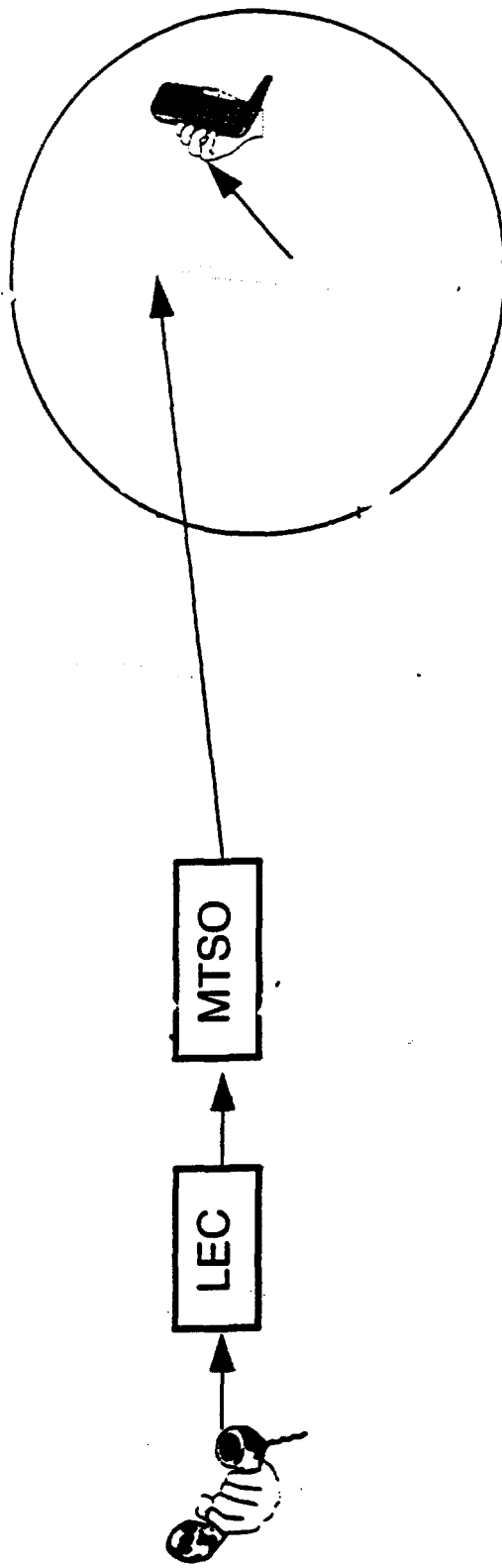


EXHIBIT 8

SERVICE	INTERCONNECTION WITH PSTN			MOBILE SWITCHING OFFICE				MTSO TO BASE RF BACK- BONE	MTA/MSA LICENSE	MULTIPLE BASE STATIONS OVER MTA
	Type 1 End Office	Type 2 Tandem	Complies with GR- 145-CORE	Telephone Number Translation	Enhanced Services	CLASS Type Services	SS7 Function -ality			
CELLULAR	X	X	X	X	X	X	X	X	X	X
BROADBAND PCS		X	X	X	X	X	X	X	X	X
NARROW- BAND PCS	X	X	X	X	X	X	X	X	X	X
PAGING	X	X	X	X	X	X	X ^{1/}	X	X	X
IMTS	X	X	X	X	X	X		X		X-- ^{2/}
COVERED SMR	X	X	X	X	X	X		X		X--
AIR-TO- GROUND										

^{1/} Switch vendor currently implementing.

^{2/} "X--" indicates that the number of base stations associated with the service is less than that associated with CMRS paging service.